JOBSOHIO

(A Component Unit of the State of Ohio)

Basic Financial Statements

December 31, 2023

(With Independent Auditor's Review Report Thereon)

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INDEPENDENT AUDITOR'S REVIEW REPORT

The Board of Directors of JobsOhio:

Results of Review of Interim Financial Information

We have reviewed the accompanying statement of net position of JobsOhio, a component unit of the State of Ohio, and its component units JobsOhio Beverage System and JobsOhio Growth Capital (collectively the "Entity") as of December 31, 2023, and the related statements of revenues, expenses, and changes in net position for the three-month and six-month periods then ended, and cash flows for the six-month period then ended, and the related notes (collectively referred to as the "interim financial information").

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Basis for Review Results

We conducted our review in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

Required Supplementary Information

Accounting principles generally accepted in the United States of America, require that the management's discussion and analysis on pages 3–8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our review of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte & Touche LLP

February 27, 2024

The management of JobsOhio offers this narrative overview and analysis of the financial activities of JobsOhio for the six months ended December 31, 2023 and 2022. The information presented in this overview and analysis should be considered in conjunction with JobsOhio's basic financial statements, which follow this material. Financial statements prepared by JobsOhio include its component units, JobsOhio Growth Capital ("JOGC") and JobsOhio Beverage System ("JOBS"), however the following information is solely based on JobsOhio's financial activities and is presented in a non-blended format. Management's discussion and analysis of JOBS is included in that corporation's separately issued basic financial statements.

Financial Highlights

- Total assets increased 6% in the six months ended December 31, 2023 from $1,183,039 in the fiscal year ended June 30, 2023 to $1,253,708 in the six months ended December 31, 2023.
- Total liabilities decreased 2% in the six months ended December 31, 2023 from $482,497 in the fiscal year ended June 30, 2023 to $472,365 in the six months ended December 31, 2023.
- Operating and non-operating revenues increased 21% in the six months ended December 31, 2023 when compared to the same time period one-year prior from $157,531 in the six months ended December 31, 2022 to $191,384 in the six months ended December 31, 2023.
- Total operating expenses decreased 50% in the six months ended December 31, 2023 when compared to the same time period one-year prior from $232,559 in the six months ended December 31, 2022 to $115,583 in the six months ended December 31, 2023.

Overview

JobsOhio is a 501(c)(4) non-profit organization formed under chapters 1702 and 187 of the Ohio Revised Code to promote economic development, job creation, job retention, job training, and the recruitment of business to the state of Ohio (State). JobsOhio is the sole member of JobsOhio Growth Capital, which makes debt and equity investments in companies with operations in Ohio. JobsOhio is also the sole member of the JobsOhio Beverage System, which operates the franchise for the sale of spirituous liquor throughout the State. The purchase was financed in fiscal year 2013 by JOBS' issuance of $1,510,685 of special obligation bonds.

The Franchise and Transfer Agreement ("Transfer Agreement") calls for JOBS to pay the State an annual "Supplemental Payment" as additional consideration for the liquor enterprise when profits of the franchise exceed a predetermined level. The Supplemental Payment to the State is based upon a formula specified in the Transfer Agreement and is paid based on results of the fiscal year. In accordance with this provision, JOBS recorded Supplemental Payment expense of $52,828 and $54,707 for the six months ended December 31, 2023 and 2022, respectively.

During each of the six months ended December 31, 2023 and 2022, JobsOhio received grants and contributions from JOBS totaling $145,000 and $150,000, respectively. These grants comprise funding from operating income of the liquor franchise by JOBS.

Discussion of Basic Financial Statements

The activities of JobsOhio are accounted for on a fiscal year basis, comprising 12 calendar months ending June 30 of each year. These activities are accounted for as an enterprise fund, reporting all financial activity, assets, and liabilities using the accrual basis of accounting in the same manner as with private sector businesses. Financial statements prepared by JobsOhio include its component units, JOGC and JOBS, and include the blended statements of net position; statements of revenues, expenses, and changes in net position; statements of cash flows and the related notes. This information is also presented in a non-blended format in the notes to basic financial statements.

The statement of net position provide information about assets and liabilities and reflects the financial position at fiscal year-end. The statement of revenues, expenses, and changes in net position reports the revenue activity and the expenses related to such activity for the quarter and current fiscal year to date. The statement of cash flows outlines the cash inflows and outflows for the current fiscal year to date. These statements provide current and long-term information about JobsOhio's financial position.

The financial statements also include notes that provide additional information essential to a full understanding of the information provided in the statements.

(In thousands)

Financial Analysis

Net Position

	December 31, 2023	June 30, 2023
Assets:		
Current assets:		
Cash and cash equivalents - unrestricted	$ 116,008	$ 33,136
Cash and cash equivalents - restricted	10,358	10,168
Investments at fair value	863,732	868,808
Loans	11,342	11,197
Receivables, net of allowance for uncollectable accounts	10,345	21,654
Prepaid expenses	1,281	2,497
Due from related entities	3,325	2,588
Total current assets	1,016,391	950,048
Long-term assets:		
Equity method investments	150,000	145,000
Loans, net of loss allowance	83,762	82,628
Right-to-use lease assets, net of accumulated amortization	934	1,093
Right-to-use subscription assets, net of accumulated	1,857	3,229
Capital assets, net of accumulated depreciation	715	1,004
Intangible asset - trademark, net of amortization	49	37
Total long-term assets	237,317	232,991
Total assets	**1,253,708**	**1,183,039**
Liabilities:		
Current liabilities:		
Accounts payable	3,595	4,389
Accrued liabilities - current portion	259,924	266,001
Community bank loan guarantee - current portion	-	5
Lease liability - current portion	380	386
Subscription liability - current portion	557	2,150
Due to related entities	-	6,991
Total current liabilities	264,456	279,922
Long-term liabilities:		
Accrued liabiilities	205,298	199,769
Lease liability	860	1,046
Subscription liability	3	115
Community bank loan guarantee	255	328
Port authority bond reserve	1,493	1,317
Total long-term liabilities	207,909	202,575
Total liabilities	**472,365**	**482,497**
Net position:		
Net investment in capital assets	1,706	1,004
Restricted for investment in related entity	-	5,000
Unrestricted	779,637	694,538
Total net position	**$ 781,343**	**$ 700,542**

(Continued)

Current assets consist of cash in demand deposits, investments, prepaid expenses, receivable due from JOBS, as well as outstanding principal from loans to promote economic development due within the following twelve months. Current assets increased 7% in the six months ended December 31, 2023 from $950,048 in the fiscal year ended June 30, 2023 to $1,016,391 in the six months ended December 31, 2023. The increase was primarily due to an increase in cash balance.

Long-term assets consist of an investment in a subsidiary company, outstanding principal from loans made for economic development programs due after the following twelve months, right-to-use lease assets, right-to-use subscription assets, capital assets, and an intangible asset for a trademark. Long-term increased 2% in the six months ended December 31, 2023 from $232,991 in the fiscal year ended June 30, 2023 to $237,317 in the six months ended December 31, 2023, primarily due to the additional investment in a subsidiary company.

Current liabilities represent accounts payable, accrued liabilities, payable due JOGC, and the current portion of lease and subscription liabilities. Current liabilities decreased 6% in the six months ended December 31, 2023 from $279,922 in the fiscal year ended June 30, 2023 to $264,456 in the six months ended December 31, 2023. The decrease was primarily due to the accrual of economic development program expense.

Long-term liabilities consist of amounts due for lease and subscription liabilities, the long-term portion of accrued grant expense, and an economic development program designed to support community banks and local Ohio port authorities. Long-term liabilities increased 3% in the six months ended December 31, 2023 from $202,575 in the fiscal year ended June 30, 2023 to $207,909 in the six months ended December 31, 2023. The increase was primarily due to the accrual of economic development program expense.

Net position increased by $80,801 for the six months ended December 31, 2023, from a net position of $700,542 in the fiscal year ended June 30, 2023 to a net position of $781,343 as of the six months ended December 31, 2023. The change in net position is primarily due to the accrual of economic development program expense.

(In thousands)

Revenues, Expenses, and Changes in Net Position

The following is a summary of revenues, expenses, and changes in net position for the six months ended December 31, 2023 and 2022:

	Six Months Ended December 31, 2023	**Six Months Ended December 31, 2022**
Operating revenues:		
Interest income - loans	$ 1,670	$ 1,307
Fees and other	5,480	5,367
Total operating revenues	7,150	6,674
Operating expenses:		
Economic development programs	69,065	183,514
Salaries and benefits	11,330	10,437
Economic development purchased services	7,577	7,921
Professional services	8,196	9,695
Insurance	165	159
Administrative and support	4,864	6,820
Marketing	14,386	14,013
Total operating expenses	115,583	232,559
Operating loss	**(108,433)**	**(225,885)**
Nonoperating revenues:		
Grants	145,000	150,000
Investment income	39,234	857
Total nonoperating revenues	184,234	150,857
Transfers-Internal activities	5,000	-
Change in net position	**80,801**	**(75,028)**
Net position, beginning of period	700,542	609,461
Net position, end of period	**$ 781,343**	**$ 534,433**

The primary source of revenue for JobsOhio is grants from JOBS, however JobsOhio also earns revenue from its investments, as well as interest on loans made for economic development programs. For the six months ended December 31, 2023, total operating and nonoperating revenues were $191,384, an increase of $33,853 over the same time period one-year prior of $157,531. This change is primarily due to an increase in investment income due to market fluctuations.

Operating expenses decreased by $116,976 in the six months ended December 31, 2023, from $232,559 in the six months ended December 31, 2022 to $115,583 in the six months ended December 31, 2023. This change is primarily due to a decrease in economic development program expense.

JobsOhio experienced an increase in net position of $80,801 in the six months ended December 31, 2023, resulting in a net position of $781,343. For the six months ended December 31, 2022, there was a decrease in net position of $75,028. The major factor affecting these changes was the amount of economic development program expense.

Capital Asset Activity

Capital asset additions increased by $86 in the six months ended December 31, 2023 were due to expenses related to new website modules. Capital asset additions of $22 in the fiscal year ended June 30, 2023 were due to expenses related to a new website. Refer to page 24 of the notes to the financial statements for further information on capital assets.

JobsOhio Growth Capital

JobsOhio Growth Capital ("JOGC") was formed as a nonprofit limited liability company on April 15, 2021, pursuant to and in accordance with Chapter 1705 of the Ohio Revised Code, as amended from time to time, and as superseded by Chapter 1706 of the Ohio Revised Code effective January 1, 2022 (the "LLCA"), with JobsOhio as the sole member. The purpose of JOGC is to make debt and equity investments in companies with operations in Ohio through the JobsOhio Growth Capital Program, to operate other programs supporting economic development in Ohio, and to engage in any lawful act or activity for which limited liability companies may be formed under the LLCA and to engage in any and all necessary or incidental activities, in all cases that support the not-for-profit purposes and activities of JobsOhio.

Requests for Information

This report is designed to provide a general overview of JobsOhio's finances. The report of its component unit JOBS is issued separately by that corporation. Questions concerning information presented in this report should be addressed to Todd Bunce, Controller, at bunce@jobsohio.com.

JOBSOHIO
(A Component Unit of the State of Ohio)

Statement of Net Position

(Unaudited)

(In thousands)

	December 31, 2023
Assets:	
Current assets:	
Cash and cash equivalents - unrestricted	$ 134,719
Cash and cash equivalents - restricted	255,174
Investments at fair value	879,767
Inventory	103,585
Loans	11,342
Receivables, net of allowance for uncollectable accounts	15,801
Prepaid expenses	3,265
Total current assets	1,403,653
Long-term assets:	
Other long-term investments, net of loss allowance	94,062
Loans, net of loss allowance	110,238
Capital assets, net of accumulated depreciation	6,189
Right-to-use lease assets, net of accumulated amortization	3,854
Right-to-use subscription assets, net of accumulated amortization	2,593
Intangible asset - liquor franchise, net of amortization	777,357
Intangible asset - trademark, net of amortization	59
Total long-term assets	994,352
Total assets	**2,398,005**
Liabilities:	
Current liabilities:	
Accounts payable	35,261
Accrued liabilities - current portion	366,133
Special obligation bonds payable - current portion	85,755
Bond interest payable	29,044
Lease liability - current portion	2,272
Subscription liability	1,015
Total current liabilities	519,480
Long-term liabilities:	
Accrued liabilities	205,298
Special obligation bonds payable	1,386,185
Community bank loan guarantee	255
Lease liability	2,005
Subscription liability	3
Port authority bond reserve	1,493
Total long-term liabilities	1,595,239
Total liabilities	**2,114,719**
Net position:	
Net investment in capital assets	7,341
Unrestricted	275,945
Total net position	**$ 283,286**

JOBSOHIO
(A Component Unit of the State of Ohio)

Statement of Revenues, Expenses, and Changes in Net Position

(Unaudited)

(In thousands)

	Three Monthds Ended December 31, 2023	Six Monthds Ended December 31, 2023
Operating revenues:		
Net liquor sales	$ 482,495	$ 924,643
Distribution center revenue	2,283	4,400
Interest income - loans	1,345	2,717
Gain on investments	950	198
Fees and other	110	193
Total operating revenues	487,183	932,151
Operating expenses:		
Cost of goods sold	288,253	551,091
Sales commissions	30,226	57,610
Liquor gallonage taxes	15,100	29,436
Amortization of intangible asset - liquor franchise	13,799	27,598
Service fees	5,146	10,292
Supplemental Payment	26,995	52,828
Economic development programs	45,257	68,866
Salaries and benefits	5,477	11,330
Economic development purchased services	3,416	7,577
Professional services	7,052	14,474
Insurance	232	466
Administrative and support	7,065	14,276
Marketing	12,811	19,986
Total operating expenses	460,829	865,830
Operating income	**26,354**	**66,321**
Nonoperating revenues (expenses):		
Bond interest, net	(14,522)	(29,044)
Investment income	54,271	39,234
Other, net	1,980	4,661
Total nonoperating revenues	41,729	14,851
Change in net position	**68,083**	**81,172**
Net position, beginning of period	215,203	202,114
Net position, end of period	**$ 283,286**	**$ 283,286**

See accompanying notes to financial statements

JOBSOHIO
(A Component Unit of the State of Ohio)

Statement of Cash Flows

(Unaudited)

(In thousands)

	Six Months Ended December 31, 2023
Cash flows from operating activities:	
Receipts from fees and other	$ 3,479
Receipts from customers	924,857
Receipts from suppliers	4,575
Payments to employees	(11,595)
Payments to suppliers	(575,302)
Payments for economic development programs	(68,559)
Payments for commissions	(61,642)
Receipts from sales taxes	55,898
Payments for sales tax collections to State and county	(52,722)
Payments for gallonage tax collections to State	(28,627)
Payments for servicing fees	(4,953)
Payments for Supplemental Payment to State	(104,267)
Net cash provided by operating activities	81,142
Cash flows from noncapital financing activities:	
Payments for other nonoperating expenses	(5)
Net cash used in noncapital financing activity	(5)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(1,338)
Payments for right-to-use lease assets	(1,822)
Payments for right-to-use subscription assets	(2,246)
Payments for bond interest	(27,742)
Net cash used in capital and related financing activities	(33,148)
Cash flows from investing activities:	
Purchases of direct equity investments	(5,453)
Conversion of loans to equity	(4,100)
Loan conversion proceeds	(57)
Dividends and interest income	32,799
Purchases of investments	(68,299)
Proceeds from maturities of investments	72,103
Net cash provided by investing activities	26,993
Net increase in cash and cash equivalents	74,982
Cash and cash equivalents, beginning of period	314,911
Cash and cash equivalents, end of period	**$ 389,893**
Reconciliation of operating income to net cash used in operating activities:	
Operating income	$ 66,321
Adjustments to reconcile operating loss to net cash used in operating activities:	
Amortization of intangible asset - liquor franchise	27,598
Increase in intangble asset - trademark	(13)
Depreciation and amortization expense	4,431
Amortization of right-to-use lease assets	1,694
Amortization of right-to-use subscription assets	1,628
Decrease in loans	(647)
Increase in loan valuation allowance	1,156
Gain on investments	(141)
Interest expense	88
Decrease in inventory	8,810
Decrease in receivables, net of allowance for doubtful accounts	11,366
Decrease in prepaid expenses	6,785
Increase in accounts payable	5,846
Decrease in community bank guarantee	(78)
Increase in port authority bond fund	176
Decrease in accrued liabilities	(53,878)
Total adjustments	14,821
Net cash provided by operating activities	**$ 81,142**
Noncash capital and related financing activities:	
Purchases of capital assets on account	$ 266

See accompanying notes to financial statements

(1) Unaudited Financial Statements

The financial information included in these financial statements is unaudited. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows for the period presented have been made on a consistent basis.

These financial statements should be read in conjunction with the financial statements and notes contained in JobsOhio's audited financial statements for the year ended June 30, 2023.

(2) Summary of Significant Accounting Policies

(a) Organization

JobsOhio was formed under the laws of the state of Ohio ("State") and was established to encourage business development in the State. JobsOhio was incorporated on July 5, 2011, as a nonprofit corporation under Chapters 1702 and 187, Revised Code, to promote economic development, job creation, job retention, job training, and the recruitment of business to Ohio. JobsOhio is governed by a Board of Directors appointed by the Governor of Ohio.

The accompanying financial statements include the accounts of JobsOhio Growth Capital ("JOGC") and JobsOhio Beverage System ("JOBS"), its component units (collectively the "Entity"). JOGC and JOBS are considered blended component units of JobsOhio.

JOGC was formed as a nonprofit limited liability company on April 15, 2021, pursuant to and in accordance with Chapter 1705 of the Ohio Revised Code, as amended from time to time, and as superseded by Chapter 1706 of the Ohio Revised Code effective January 1, 2022 (the "LLCA"), with JobsOhio as the sole member. The purpose of JOGC is to make debt and equity investments in companies with operations in Ohio through the JobsOhio Growth Capital Program, to operate other programs supporting economic development in Ohio, and to engage in any lawful act or activity for which limited liability companies may be formed under the LLCA and to engage in any and all necessary or incidental activities, in all cases that support the not-for-profit purpose and activities of JobsOhio.

JOBS is governed by a Board of Directors appointed by JobsOhio as the sole member of JOBS. JOBS, previously known as the Ohio Business Development Coalition ("OBDC"), was incorporated on June 3, 2004, as a nonprofit corporation under Chapter 1702, Revised Code, for the promotion of business and economic development in the State. On July 6, 2011, by action of its Board of Directors, the OBDC amended its Articles of Incorporation to transfer control of OBDC to JobsOhio. The Internal Revenue Service determined that JOBS qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code for federal income tax purposes.

On February 1, 2013, JOBS effected a major change in its business model, acquiring an exclusive 25-year franchise for the sale of spirituous liquor in the State to fund economic development activities by JobsOhio, its sole member. See note 2(u), below, for information on this transaction.

The accounting policies and financial reporting practices of JobsOhio, JOGC, and JOBS conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units.

(b) Basic Financial Statements

As a special-purpose primary reporting entity engaged only in business-type activities, JobsOhio presents financial statements required for enterprise funds. For such entities, the basic financial statements include the statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows; and notes to basic financial statements.

(c) Measurement Focus and Basis of Accounting

The Entity reports its financial statements using the economic resources measurement focus (i.e., full accrual) and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

(d) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) Cash and Cash Equivalents

Cash equivalents includes all demand deposits with commercial banks and money market accounts, as well as all short-term, highly liquid investments that are readily convertible to cash and all short-term debt securities purchased with an original maturity of three months or less. Cash equivalents include money market investment funds in overnight investments and certificate of deposits with maturities of six months or less.

(f) Restricted Assets

In accordance with a Master Trust Indenture and related agreements associated with JOBS' bond issuances, separate restricted accounts are required to be established. Assets held in these accounts are restricted for specific uses, including debt service and other special reserve requirements.

(g) Investments

Investments are reported at fair value. Fair values for investments are determined by closing market prices at year-end as reported by the investment custodian. Accordingly, changes in fair value are included in net income in the period earned.

(h) Other long-term investments

Other long-term investments represent equity holdings in unrelated companies. These holdings were direct equity investments or originally recognized as loan receivable balances and converted to investments upon borrowers achieving certain criteria. Other long-term investments are carried at cost at time of purchase, less the allowance for equity investment losses.

(i) Allowance for equity investment losses

The allowance for equity investment losses is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating future equity investment losses. Management's estimate considers such factors as portfolio company reporting, communication with portfolio companies, and communication with other co-investors. Based on the review of the factors, an amount is calculated and a provision is made to reflect the estimated balance. While management uses available information to recognize losses, future adjustments to the allowance may be necessary. At December 31, 2023, the amount of allowance for equity investment losses was $0, and is reported in the Entity's statement of net position as part of "other long-term investments, net of loss allowance".

(j) Inventory

The Entity's inventory of spirituous liquor consists of inventory withdrawn from bailment for shipment to agency stores, inventory in transit in commercial carriers, and inventory in agency stores. Inventory is valued at the lower of cost or net realizable value with costs determined using the first-in, first-out method ("FIFO"). The costs of liquor product, warehouse services, transportation services, and transfer movements are reported as part of merchandise inventory and are charged to cost of goods sold as product is sold.

In the business model used by the Entity, spirituous liquor inventory is purchased at warehouses, transported by freight companies under contract to the Entity, and delivered to agency stores. Although the freight companies and the agency stores contractually assume the risk of loss, the ultimate risk of loss remains with the Entity. Legal title to the inventory is held by the Entity to the point of sale by the agency stores, which collect sale proceeds as agents for the Entity and make daily remittances to the Entity. A commission for the sales is subsequently paid to the agency stores by the Entity.

In regard to a subset of agency stores known as "interim agency stores," under the terms of the Franchise and Transfer Agreement ("Transfer Agreement"), at the point inventory is delivered to an interim agency store, title to such inventory transfers to the Ohio Division of Liquor Control on a cost-free basis. However, the economic substance of such transactions does not differ from that for regular agency stores. On the basis of the Entity's contractual rights and the status of the interim agency stores as agents of the Entity, such inventory is considered an asset of the Entity, is reported as inventory on the Entity's statements of net position, and upon sale the cost of such inventory is included in cost of goods sold. Inventory at interim agency stores as of December 31, 2023 was $16,214.

(k) Loans

Loans are carried at the unpaid principal balance outstanding, less the allowance for estimated loan losses. They are included in current assets, except for maturities greater than twelve months after the statements of net position date, which are classified as long-term assets.

(l) Allowance for Loan Losses

The allowance for loan losses is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating future loan losses. Management's estimate considers such factors as the payment history of the loans, guarantees, historical loss experience, and overall economic conditions. Based on the review of the factors, an amount is calculated and a provision is made to reflect the estimated balance. While management uses available information to recognize losses, future adjustments to the allowance may be necessary based on changes in economic conditions. At December 31, 2023, the amount of allowance for loan losses was $26,663, and is reported in the Entity's statements of net position as part of "loans, net of loss allowance".

(m) Receivables

Receivables are reported at the actual outstanding balance, less the allowance for uncollectable accounts. Interest is not accrued on overdue receivables.

(n) Allowance for Uncollectable Accounts

The allowance for uncollectable accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating future uncollectable accounts. Management's estimate considers such factors as inventory reconciliation and historical experience. Based on the review of the factors, an amount is calculated, and a provision is made to reflect the estimated balance. While management uses available information to recognize losses, future adjustments to the allowance may be necessary. At December 31, 2023, the amount of allowance for uncollectable accounts was $308 and is reported in the Entity's statements of net position as part of "receivables, net of allowance for uncollectible accounts".

(o) Prepaid Expenses

Payments to vendors representing costs applicable to future accounting periods are recorded as prepaid expenses in the financial statements. The cost of prepaid expenses is recorded as expenses when consumed rather than when purchased.

(p) Intangible Assets

The intangible asset represents both an exclusive franchise for the sale of spirituous liquor in the State, as well as a trademarks for the OHLQ logos and slogans. The liquor franchise is amortized on a straight-line basis over the 25-year term of the franchise. Amortization expense for the liquor franchise for the three and six months ended December 31, 2023 was $13,799, and $27,598, respectively.

(Continued)

(q) Capital Assets

Capital assets, which include property and equipment, are reported in the financial statements. The Entity defines capital assets as assets with an expected useful life of one year or more from the time of acquisition and a cost of five thousand dollars or more. Such assets are recorded at historical cost.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Software	3 – 5 years
Furniture and equipment	3 – 10 years
Leasehold improvements	Lesser of 10-year amortization period or lease term

(r) Net Position

Net position is displayed in three components as follows:

- Net investment in capital assets – represents capital assets, net of accumulated depreciation less the outstanding balances of bonds, notes, and other borrowings used to acquire, construct, or improve those assets. This includes right-to-use lease and subscription assets, net of accumulated amortization, less the corresponding lease and subscription liabilities.
- Restricted – consists of net position that is legally restricted externally by creditors, contributors, laws, or regulations or internally by enabling legislation.
- Unrestricted – consists of net position that does not meet the definition of net investment in capital assets or restricted.

The Entity's restricted assets relate to the debt service and other amounts owed as required by the debt service agreements and are reported as part of "cash and cash equivalents – restricted" on the statements of net position. However, such amounts are always less than or equal to the liabilities that are used in the calculation of the restricted assets. As a result, the restricted component of net position, as defined above, would be negative or zero, and it would be irrelevant to present this line separately if the balance is negative (deficit) or zero.

(s) Classification of Revenues and Expenses

Revenues and expenses are classified as operating or nonoperating and are recognized in the period received. Under the Entity's definition:

- "Operating revenues" includes all revenues resulting from transactions and activities, other than financing and investing activities, related to the distribution, merchandising, and sale of spirituous liquor in the State under the authority of the liquor franchise sold to the Entity by the State on February 1, 2013, as well as rebates on those sales. Included are revenues for services performed in the distribution centers related to receiving and preparing product for distribution, as well as loan application fees and loan interest.

- "Operating expenses" includes all expenses resulting from transactions and activities, other than financing and investing activities, related to the distribution, merchandising, and sale of spirituous liquor in the State under the authority of the liquor franchise sold to the Entity by the State on February 1, 2013, as well as costs that support economic development activities.

All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The Entity has loan and grant programs for private businesses in the State to support economic development. For the six months ended December 31, 2023, the Entity issued grants for such purposes, reported in the Entity's statement of revenues, expenses, and changes in net position as "economic development programs" expense.

As part of the loan program, the Entity charges applicants an application fee, which is used to offset the cost of having a loan agreement drafted by outside counsel. Total revenue from application fees received during the three and six months ended December 31, 2023 was $36 and $60, respectively. Revenue from application fees is included in the Entity's statements of revenues, expenses, and changes in net position as "Fees and other."

(t) Risk Management/Insurance

The Entity is exposed to various risks of loss related to torts and general liability; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Entity procures commercial insurance policies for commercial crime, management liability, directors' and officers' liability, employment practices, automobile liability, employers' liability, general liability, crime, and property. No claims have been submitted against the Entity since its incorporation and no liabilities have been identified or recorded. It is the Entity's policy that liabilities are to be reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Since no claims have been submitted, settled claims have not exceeded commercial coverage.

(u) Liquor Franchise

On February 1, 2013, the Entity and the State, through the Ohio Department of Commerce and the Ohio Office of Budget and Management, entered into a Transfer Agreement. Under the terms of the Transfer Agreement, the Entity purchased from the State an exclusive franchise for the sale of spirituous liquor throughout the State. In return, the Entity transferred cash to the State and committed to Supplemental Payments (described below), to the State based upon sales of spirituous liquor by the Entity. Pursuant to the Transfer Agreement, the Entity will receive all gross revenue from the distribution, merchandising, and sale of spirituous liquor in the State.

The liquor franchise established by the Transfer Agreement terminates 25 years from February 1, 2013.

During the term of the franchise, the Entity is responsible for operating the "Liquor Business," as that term is defined in the Transfer Agreement, while the State will, under contract with the Entity, perform merchandising as a contract service, and will retain all liquor regulatory functions.

"Supplemental Payments," are payments to the State based upon a formula specified in the Transfer Agreement. Beginning with the fiscal year ended June 30, 2014, if "Liquor Business Profits," as that term is defined in the Transfer Agreement, for a fiscal year exceed a threshold amount of Liquor Business Profits set for that fiscal year (Base Franchise Profits ($356,440 for fiscal year ended June 30, 2024)), then the Entity is required to make a cash payment to the State equal to 75 percent of the amount by which Liquor Business Profits exceed Base Franchise Profits. Total Supplemental Payment expense for the three and six months ended December 31, 2023 was $26,995, and $52,828, respectively.

The Entity also contemporaneously contracted with the Ohio Department of Commerce for the continued operation and management of the Liquor Business under an Operations Services Agreement ("Services Agreement"). Under the Services Agreement, the Ohio Department of Commerce will provide ongoing operations, management, and administrative services related to the Liquor Business. Covered services include administrative support, tax support and reporting, information technology, agency operation and review, merchandise marketing and advertising, real property leasing, and management. Total service fees expense in the three and six months ended December 31, 2023 was $5,146, and $10,292, respectively.

Contemporaneously with the execution of the Transfer Agreement and the Services Agreement, special obligation revenue bonds were issued by the Entity under the provisions of a Master Trust Indenture and first and second Supplemental Trust Indentures, dated February 1, 2013 (collectively referred to as the "Indenture") between the Entity and Huntington National Bank ("Trustee"). The bonds and any additional obligations are paid solely from the Trust Estate, which consists primarily of the Liquor Business Profits, the Revenue Fund, the Tax Fund, the Debt Service Fund, and Supplemental Payment Reserve Fund, maintained by the Trustee. The bonds are special, limited obligations of the Entity, payable solely from assets held in the Trust Estate, and are not general obligations of the Entity or the State.

The Entity is required to maintain certain accounts with the Trustee as specified by the Indenture. The Entity grants, assigns, pledges, and transfers to the Trustee, for the benefit of the bondholders, all right, title, and interest in the Liquor Business Profits to provide for debt service of the bonds. Funds established by the Indenture are restricted for payments of tax related to the sale of liquor, operating expenses of the Liquor Business, debt service, and Supplemental Payments to the State.

(v) Use of Restricted and Unrestricted Resources

In the event that the Entity is to fund outlays for a particular purpose from both restricted and unrestricted resources, in order to calculate the amounts to report as restricted and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Entity's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

(In thousands)

(w) Compensated Absences

The Entity provides no paid time off to part-time employees. Full-time employees (nonexecutive) are granted paid time off in annual amounts which increase with the individual employees' years of service on the basis of the following schedule:

Years of Service	Annual Paid Time Off
0 - 2	4 weeks
3 - 6	5 weeks
7+	6 weeks

Paid time off is not contingent upon services already rendered and no payment is made for unused paid time off at termination or retirement.

(x) New Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections*, enhances the accounting and financial reporting requirements for accounting changes and error corrections. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2023. The Entity is assessing the impact of GASB Statement No. 100 to its financial statements and will implement in the timeline required by GASB.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. The requirements of this Statement will result in a liability for compensated absences that more appropriately reflects when an obligation is incurred. The requirements of this Statement are effective for financial statements for fiscal years beginning after December 15, 2023. The Entity is assessing the impact of GASB Statement No. 101 to its financial statements and will implement in the timeline required by GASB.

(y) Subsequent Events

The entity has evaluated subsequent events through February 27, 2023, the date of basic financial statement issuance, to determine if either recognition or disclosure of significant events or transactions was required.

On February 26, 2024, the Entity entered into a series of transactions that resulted in the real estate purchase of close to $56,000. The transactions are as follows:

- An LLC was created with JobsOhio as the sole member
- The Entity has an existing credit agreement opened July 1, 2022 with a limit of $125,000
- The Entity borrowed $54,000 using the credit agreement
- The LLC used the funds to purchase property for close to $56,000

(3) Detailed Notes on Activities and Funds

(a) Assets

1. Cash Deposits and Investments with Financial Institutions

The Entity is not subject to statutory restrictions on deposits or investments on certain accounts. All deposit and investment activity are governed by a policy adopted by the Entity's Board of Directors. Cash deposits consist of amounts held in demand accounts.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Entity's deposits may not be returned. The Entity's investment policy adopted by the Board of Directors provided that the Entity minimizes credit risk as to cash deposits by prequalifying financial institutions with which the Entity will do business. Of the total bank balance at December 31, 2023 $3,251 was insured through the Federal Deposit Insurance Corporation (FDIC). The remaining $178,454 was uninsured and exposed to custodial credit risk.

The Entity has a checking account that is linked to an overnight sweep account, under which total uninvested cash is automatically transferred (or swept) from the primary cash accounts into a money market mutual fund that invests primarily in short-term, high-quality, fixed-income, domestic-sourced securities issued by banks, corporations, and the U.S. government, rated in the highest short-term category or of comparable quality. The money market mutual fund was rated Aaa-mf by Moody's. The amount invested in the money market mutual fund was $169,922 as of December 31, 2023.

Certain Investments Classified as Cash Equivalents

Pursuant to the terms of the Indenture, the Transfer Agreement, and the Services Agreement, the Entity is required to comply with various covenants and requirements. All financial covenants associated with the agreements executed in connection with the franchise transaction have been fully complied with as of December 31, 2023.

The Entity is required to maintain certain accounts with the Trustee as specified by the Indenture. The Entity grants, assigns, pledges, and transfers to the Trustee, for the benefit of the bondholders, all right, title, and interest in the Liquor Business Profits to provide for debt service of the bonds. Funds maintained in certain accounts are restricted for State tax payments, operating expenses of the Liquor Business, debt service, costs of bond issuance, and Supplemental Payments. The following funds have been established by the Indenture:

(In thousands)

Fund	Fund custody	December 31, 2023 Unrestricted		Restricted	
Revenue fund	Trustee	$	-	$	25,451
Operations fund	Entity		-		36,114
Debt service fund	Trustee		-		115,629
General purpose fund	Entity		-		102
Supplemental Payment reserve fund	Trustee		-		28,842
Port authority fund	Entity		-		10,358
	Total funds required by indenture		-		216,496
Cash			134,719		-
Cash held at fiscal agents			-		38,675
Other			-		3
	Total cash and cash equivalents	$	134,719	$	255,174

2. Cash with Fiscal Agents

As indicated in note 2(j) above, agency stores under contract with the Entity collect sale proceeds as agents for the Entity and are contractually required to segregate such proceeds and to remit them to the Entity on a daily basis. The agency stores are responsible for any risk of loss while in their possession and such amounts are typically swept into the Entity's bank accounts within two to three business days. The balance of these sale proceeds under such contractual arrangements as of December 31, 2023 was $38,675. Custodial credit risk as to these amounts was addressed by surety bond coverage required under the contracts between the Entity and each agent.

3. Investments

The Entity is not subject to statutory restrictions on investments. The Entity's formal investment policy statement, as adopted by the Board, is the basis for all investment activity. Authorized investments under the Board policy include cash and cash equivalents, investment-grade bonds, high yield bank loans, high yield bonds, emerging market bonds, United States public equities, international public equities, private real estate, and private equity.

The Entity categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

(In thousands)

The following is a summary of the investments by fair value category as of December 31, 2023:

			Fair Value Measurements Using							
	December 31, 2023		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		NAV as Practical Expedient (NAV)	
U.S. government obligations	$	144,346	$	13,274	$	131,072	$	-	$	-
U.S. government agency obligations		82,693		-		82,693		-		-
Non agency obligations		67,073		-		67,073		-		-
Other government obligations		12,770		-		12,770		-		-
International bonds		2,236		-		2,236		-		-
Corporate bonds		151,847		-		151,847		-		-
Equities		15,712		15,712		-		-		-
Bond mutual funds		257,441		244,970		-		-		12,471
Equity mutual funds		43,775		-		-		-		43,775
Corporate bond and note funds		58,287		-		-		-		58,287
Real estate funds		22,499		-		-		-		22,499
Private equity		21,088		-		-		-		21,088
Total	$	879,767	$	273,956	$	447,691	$	-	$	158,120

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets.

Investments classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources the investment managers.

Investments classified at NAV are excluded from the fair value hierarchy. These assets are valued by the investment managers.

The Entity may, from time to time, have investments where the funds have been sent to the investment managers, but the investment transaction has not settled as of the end of financial statement period. These investments are referred to as investments in transit. The Entity had investments in transit of $0 as of December 31, 2023.

Liquidity and Interest Rate Risk – As a means of limiting exposure to fair value losses arising from rising interest rates, the Entity's investment policy generally requires that the investment portfolio remain sufficiently liquid to meet all operating and economic development programmatic needs.

(In thousands)

As of December 31, 2023, the maturities of the Entity's investments are as follows:

		Investment maturity			
	Fair Value	1 year or less	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
U.S. government obligations	$ 144,346	$ 57,645	$ 54,044	$ 26,759	$ 5,898
U.S. government agency obligations	82,693	542	1,664	2,477	78,010
Non agency obligations	67,073	-	21,012	15,004	31,057
Other government obligations	12,770	-	4,909	4,355	3,506
International bonds	2,236	1,032	652	552	-
Corporate bonds	151,847	39,056	52,778	37,313	22,700
Total	$ 460,965	$ 98,275	$ 135,059	$ 86,460	$ 141,171

Credit Risk – To minimize credit risk, the Entity prequalifies the financial institutions, broker/dealers, intermediaries, and advisors with whom the Entity will do business. In addition, the investment portfolio is diversified to minimize risk of loss. The Entity's investments were rated as follows by Standard & Poor's or Moody's Investor Services as of December 31, 2023:

	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB-	Not Rated
U.S. government obligations	$144,346	$ -	$99,344	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 45,002
U.S. government agency obligations	82,693	28,947	20,205	-	-	-	-	-	-	-	-	-	33,541
Non agency obligations	67,073	43,288	3,459	1,288	1,068	1,803	2,374	1,476	819	3,845	4,845	246	2,562
Other government obligations	12,770	2,287	814	6,286	1,725	1,658	-	-	-	-	-	-	-
International bonds	2,236	-	-	-	-	1,264	972	-	-	-	-	-	-
Corporate bonds	151,847	9,673	7,122	4,420	12,631	20,557	23,062	28,238	16,619	20,338	9,187	-	-
Total	$460,965	$ 84,195	$ 130,944	$ 11,994	$ 15,424	$ 25,282	$ 26,408	$ 29,714	$ 17,438	$ 24,183	$ 14,032	$ 246	$ 81,105

Concentration of Credit Risk – To limit exposure to the risk of loss due to the magnitude of the Entity's investments in a single issuer, investments are to be diversified in accordance with allocations determined by the Board of Directors, after consultation with the Board's Investment Committee.

Custodial Credit Risk – For an investment, this is the risk that in the event of the failure of the counterparty, the Entity will not be able to recover the value of its investments that are in the possession of an outside party. The Entity's investments of $879,767 as of December 31, 2023 are uninsured and held in the name of its investment managers.

Investment activity for the six months ended December 31, 2023 is summarized as follows:

(In thousands)

	Balance, July 1, 2023	Purchases	Maturities	Accrued income (loss)	Balance, December 31, 2023
U.S. government obligations	$ 145,233	$ 32,498	$ (36,326)	$ 2,941	$ 144,346
U.S. government agency obligations	85,101	7,565	(7,789)	(2,184)	82,693
Non agency obligations	77,566	5,106	(5,472)	(10,127)	67,073
Other government obligations	13,826	-	(1,272)	216	12,770
International bonds	2,407	496	(718)	51	2,236
Corporate bonds	152,518	15,686	(19,810)	3,453	151,847
Equities	15,028	614	(597)	667	15,712
Bond mutual funds	240,546	4,210	-	12,685	257,441
Equity mutual funds	41,755	-	-	2,020	43,775
Corporate bond and note funds	54,684	-	-	3,603	58,287
Real estate funds	24,429	-	-	(1,930)	22,499
Private equity	19,209	2,124	(119)	(126)	21,088
Total	$ 872,302	$ 68,299	$ (72,103)	$ 11,269	$ 879,767

Interest income accrues on U.S. government and agency bonds over the bond term. Interest income is redeemed upon bond maturity. Income realized from maturities during the three and six months ended December 31, 2023 totaled $37, and 566, respectively. Interest on public corporate income securities accrues over the term of the holding and is redeemed at various times until maturity. Accrued gain of $11,269 as of December 31, 2023 represents unrealized bond interest earned, but not redeemed. Accrued income increases bond value, which is reported at fair value in the financial statements.

(In thousands)

4. Capital Assets

Capital assets activity for the six months ended December 31, 2023 is as follows:

	Balance, July 1, 2023	Additions	Reductions	Balance, December 31, 2023
Furniture and equipment	$ 758	$ -	$ -	$ 758
Leasehold improvements	9,657	102	-	9,759
Software	16,306	1,316	-	17,622
Equipment	409	-	-	409
Total capital assets being depreciated	27,130	1,418	-	28,548
Less: accumulated depreciation				
Furniture and equipment	(745)	(5)	-	(750)
Leasehold improvements	(6,727)	(1,853)	-	(8,580)
Software	(10,347)	(2,531)	-	(12,878)
Equipment	(110)	(41)	-	(151)
Total accumulated depreciation	(17,929)	(4,430)	-	(22,359)
Total capital assets being depreciated, net	$ 9,201	$ (3,012)	$ -	$ 6,189

5. Loans Receivable

The Entity's economic development initiatives include loans to companies that have limited access to capital and funding from conventional private sources of funding. In order to obtain a disbursement, the borrower submits to the Entity a draw request that identifies the applicable costs that have been incurred. The Entity recognizes the receivable at time of disbursement to the borrower.

The Entity also established a loan program to support early-stage companies in their efforts to promote economic development across the State. The Innovation Loan program was designed to provide loans to companies that are convertible to equity in the event the borrower meets certain qualified financing requirements. As of December 31, 2023, 41 loans associated with the Innovation Loan program are outstanding, totaling $26,476 net of loss allowance of $2,942, and are included in Loans, net of loss allowance. The terms of the loans outstanding as of December 31, 2023 provide for disbursements of up to $29,418. The outstanding balance of the commitments as of December 31, 2023 was $0.

The remaining loans receivable balance of $95,104 as of December 31, 2023 relates to 64 outstanding loans, and is net of loss allowance of $23,721. The current portion of the loans receivable balance of $11,342 as of December 31, 2023 represent principal payments due within the following twelve months. The terms of the loans outstanding as of December 31, 2023 provide for disbursements of up to $199,158. The outstanding balance of the commitments as of December 31, 2023 were $34,025.

The Entity's loans are held at amortized cost less a valuation allowance. A loan is impaired when, based on current information and events, it is probable that the Entity will be unable to collect all amounts due according to the contractual terms of the loan agreement. If determined that a loan requires a valuation allowance, a provision for loss is established equal to the difference between the carrying value and either the fair value of the collateral less costs to sell or the present value of expected future cash flows discounted at the loan's effective interest rate. The amount of valuation allowance was $26,663 as of December 31, 2023.

6. Accounts Receivable Balances

Accounts receivable comprise amounts due from liquor agency stores and liquor vendors. The amounts due from liquor agency stores and liquor vendors are attributable to inventory adjustments from store audits, store manager adjustments, distribution center services, and other miscellaneous claims. Accounts receivable also includes interest receivable on investments and loans. Accounts receivable balance of $15,801 as of December 31, 2023 is net of allowance for uncollectable accounts of $308.

7. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the basic financial statements. This includes $1,432 of service fees to the Ohio Department of Commerce as of December 31, 2023.

8. Intangible Asset – Liquor Franchise

As a result of the purchase of the franchise for the sale of spirituous liquor, the Entity recorded an intangible asset of $1,379,924, reflecting the net franchise fee paid to the State, net of certain tangible assets received in the transfer pursuant to the Transfer Agreement.

The intangible asset – liquor franchise, is amortized over its useful life that coincides with the related contractual rights of the Transfer Agreement of 25 years. Amortization expense was $13,799 and $27,598 for the three and six months ended December 31, 2023, respectively.

(In thousands)

Intangible asset – liquor franchise activity for the six months ended December 31, 2023 is as follows:

	Balance, July 1, 2023	Additions	Reductions	Balance, December 31, 2023
Liquor franchise	$ 1,379,924	$ -	$ -	$ 1,379,924
Less: Accumulated amortization	(574,969)	(27,598)	-	(602,567)
Liquor franchise, net of amortization	$ 804,955	$ (27,598)	$ -	$ 777,357

9. Leases

The Entity has entered into several lease agreements. The lease agreements include property lease agreements for distribution centers and office space as well as equipment lease agreements for copiers and warehouse and transportation equipment. The leases do not contain any variable payments, residual value guarantees, or commitments before commencement of the lease terms. No impairment of the right-to-use lease assets existed as of December 31, 2023.

Right-to-use lease asset activity for the six months ended December 31, 2023 is as follows:

	Balance, July 1, 2023	Additions	Reductions	Balance, December 31, 2023
Property	$ 9,219	$ -	$ -	$ 9,219
Equipment	1,794	-	-	1,794
Total right-to-use lease assets being amortized	11,013	-	-	11,013
Less: Accumulated amortization				
Property	(4,492)	(1,449)	-	(5,941)
Equipment	(974)	(244)	-	(1,218)
Total accumulated amortization	(5,466)	(1,693)	-	(7,159)
Total right-to-use lease assets being amortized, net	$ 5,547	$ (1,693)	$ -	$ 3,854

(In thousands)

Lease liability activity for the six months ended December 31, 2023 is as follows:

	Balance, July 1, 2023	Additions	Reductions	Balance, December 31, 2023	Current portion
Total lease liability	$ 6,029	$ -	$ (1,752)	$ 4,277	$ 2,272

Interest expense on the lease liabilities for the three and six months ended December 31, 2023 totaled $30 and $66, respectively. Future principal and interest requirements on the lease liabilities are as follows as of December 31, 2023:

Year ending June 30:	Principal	Interest	Total
2024	$ 1,381	$ 47	$ 1,428
2025	1,778	55	1,833
2026	724	18	742
2027	383	5	388
2028	13	-	13
Total	$ 4,279	$ 125	$ 4,404

10. Subscription-Based Information Technology Arrangements

The Entity has entered into subscription-based information technology arrangements ("SBITAs"). The SBITAs include various software-as-a-service agreements. The subscriptions do not contain any variable payments, residual value guarantees, or commitments before commencement of the subscription terms. No impairment of the right-to-use subscription assets existed as of December 31, 2023.

Right-to-use subscription asset activity for the six months ended December 31, 2023 is as follows:

	Balance, July 1, 2023	Additions	Reductions	Balance, December 31, 2023
Total right-to-use subscription assets	$ 7,269	$ 354	$ (200)	$ 7,423
Less: Accumulated amortization	(3,301)	(193)	(1,336)	(4,830)
Total right-to-use subscription assets being amortized, net	$ 3,968	$ 161	$ (1,536)	$ 2,593

Subscription liability activity for the six months ended December 31, 2023 is as follows:

	Balance, July 1, 2023	Additions	Reductions	Balance, December 31, 2023	Current portion
Total subscription liability	$ 2,946	$ 161	$ (2,089)	$ 1,018	$ 1,015

(In thousands)

Interest expense on the subscription liabilities for the three and six months ended December 31, 2023 totaled $9 and $23, respectively. Future principal and interest requirements on the subscription liabilities are as follows as of December 31, 2023:

Year ending June 30:	Principal	Interest	Total
2024	$ 446	$ 14	$ 460
2025	572	20	592
Total	$ 1,018	$ 34	$ 1,052

(b) Liabilities

1. Accrued Liabilities

Accrued liabilities – current portion reported as of December 31, 2023 are as follows:

	December 31, 2023
Economic development programs	$ 462,873
Liquor purchases	20,869
Agency commissions	12,876
Taxes	17,837
Supplemental Payment	52,828
Economic development purchased services	412
Professional services	2,421
Payroll	794
Legal services	26
Paid time off	236
Employee benefits	1
Interest expense	15
Other	243
Total	$ 571,431

2. Economic Development Programs – Grants

The Entity operates eight grant programs to encourage economic development within the State. These comprise:

- Economic Development Grants – The Economic Development grant program focuses on fixed asset and infrastructure investment.

- Workforce Grants – The Workforce grant program focuses on training costs associated with new or incumbent employees.

- Revitalization Grants – The Revitalization grant program is designed to support the acceleration of redeveloping sites in Ohio, with the primary focus on projects where the cost of redevelopment and remediation is more than the value of the land in question.

- Revitalization Phase II Assessment Grants – The Revitalization Phase II Assessment grant program is designed to assist in the review of potential environmental risks on a project site where redevelopment for job creation or retention is likely to occur.

- Research and Development Grants – The Research and Development grant program provides opportunity to collaborate and partner on new discoveries that can further companies' competitive advantage and impact their respective industries.

- Innovation District Grants – The Innovation District grant program provides funds for Innovation hubs across the State in support of research and STEM projects within the districts and provides the opportunity for businesses to operate from a centralized location to promote economic development growth.

- Inclusion Grants – The Inclusion grant program provides financial support in designated distressed communities and/or businesses owned by underrepresented populations across the State.

- Speculative Development Grants – The Ohio Site Inventory Program (OSIP) offers funding to support speculative site and building development projects with no identified end user.

- Vibrant Community Grants – The Vibrant Community grant program was established to assist distressed small and medium sized communities with the implementation of catalytic development projects that fulfill a market need and represent a significant reinvestment in areas that have struggled to attract new investment.

- Broadband Access Grants – The Broadband Access grant program provides broadband access in Ohio's underrepresented communities to ensure equitable education, economic opportunity, and access to advanced digital services.

As of December 31, 2023, the Entity had executed 2,221 grants, including 820 economic development grants, 480 workforce grants, 339 revitalization grants, 29 research and development grants, 11 innovation district grants, 443 inclusion grants, 80 speculative development grants, 18 vibrant community grants, and 1 broadband access grant with a total committed amount of $1,693,764. As of December 31, 2023, the Entity had $578,273 in committed, but unpaid grants. The grants are historically funded on a reimbursement basis where the grantee must provide documentation illustrating where applicable costs have been incurred.

The Entity recognizes grant expense and the related liability for allowable costs where the transaction is reasonably estimable in amount and probable of distribution. This process includes the use of estimates in the absence of information as to costs incurred, but unclaimed by the grantee. The Entity has developed a methodology to produce an estimate of the liability as of the financial statement date, based upon the anticipated progress of the related project. The corresponding result is recorded as accrued economic development programs and is included in accrued liabilities in the statements of net position. Some of the economic development programs which have been accrued have terms that result in payment to be made outside of the subsequent twelve months, resulting in a long-term liability. The accrued economic development program expense was $462,874 as of December 31, 2023.

3. Economic Development Programs – Community Banks Loan Guarantee

The Entity has partnered with two community banks in Ohio to bolster their lending capability to assist small, lifestyle businesses. The Entity is providing a loan guarantee of up to $50,000 to support the banks in the event of default on the additional lending to their borrowers.

As of December 31, 2023, the community banks had provided loans totaling $11,166. The outstanding commitment for the program as of December 31, 2023 was $0. As of December 31, 2023, there were 2 defaults totaling $107. The Entity estimates that the program will have a default rate of 10%. The Entity recognized an expense associated with the program of $(40) and $(78) in the three and six months ended December 31, 2023, respectively, which is included in economic development programs expense. The Entity recorded long-term liabilities associated with the program totaling $255 as of December 31, 2023.

4. Economic Development Programs – Port Authority Bond Fund

The Entity has partnered with six local port authorities in Ohio to bolster their ability to issue bonds to finance the costs of port authority facilities to enhance, foster, aid, provide or promote transportation, economic development, housing, recreation, education, government operations, culture, research industry, and commerce and create and preserve jobs and employment opportunities. The Entity is pledging up to $50,000 to secure the repayment of bonds in the event of the borrower's inability to make a payment. Restricted cash in support of this program totaled $10,358 as of December 31, 2023.

As of December 31, 2023, the port authorities issued bonds totaling $149,260. The Entity estimates that the program will have a default rate of 1% and recorded a long-term liability of $1,493, as of December 31, 2023. As of December 31, 2023 there were no defaults on the issued bonds and no payments made from the reserve. For the three and six months ended December 31, 2023, the Entity recognized an expense associated with the program of $50 and $175, respectively, which is included in economic development programs expense.

5. 401(k) Savings Plan

The Entity operates a defined contribution pension plan titled JobsOhio 401(k) Plan (herein referred to as the “Plan”) created in accordance with Internal Revenue Code Section 401(k). The Plan, available to all qualified employees of the Entity, permits employees to defer a percentage of their salary up to the maximum percentage allowed by the Internal Revenue Service. The Entity matches 100 percent of the first three percent of the employee contribution, plus 50 percent of the employee contribution over three percent but not greater than five percent, bringing the maximum match percentage to four percent. Employees are fully vested in the Plan at the time contributions begin and there are no forfeitures. Participants must be over 21 years of age and have completed three consecutive months of service.

The Entity is the plan administrator of the Plan and the Plan trustee is Great-West Trust Company. The Entity may amend the Plan to add new features or to change or eliminate various provisions, but may not take away or reduce protected benefits under the Plan. Participants direct the allocation of their deferral based on several investment options. The assets of the Plan are not included in the Entity’s financial statements and cannot be used for purposes other than the exclusive benefit of the participants or their beneficiaries or to pay the reasonable expenses of plan administration.

The Plan was implemented in February 2014 and updated in January 2020. For the three and six months ended December 31, 2023, the total 401(k) match expense was $145 and $317, respectively, on total employee contributions of $320 and $713, respectively. As of December 31, 2023, accrued employee 401(k) deferrals and accrued employer match was $0 and $0, respectively, and are included in the statements of net position as accrued liabilities.

6. Commitments and Contingencies – Litigation

No litigation is currently pending against the Entity.

7. Long-Term Liabilities

Special obligation revenue bonds were issued on February 1, 2013, by the Entity to finance payment of consideration in connection with the purchase of a franchise to operate the Liquor Business including the transfer of certain Liquor Business assets and bond transaction costs. The obligations were issued as bonds with (approximately) level debt service (principal and interest) maturing each year with maturities that range from one to 25 years.

On February 5, 2020, the Entity issued special obligation revenue bonds to advance refund the 2038 maturity of the Series 2013A Bonds and finance certain costs of the refunding transaction. The obligations were issued as bonds with approximately level debt service, including both principal and interest, maturing each year with maturities that range from one to 18 years.

On February 1, 2023, JOBS issued special obligation revenue bonds to provide funding for economic development programs of and projects by JobsOhio and to pay costs of issuance of the bonds. The obligations were issued as bonds with approximately level debt service, including both principal and interest, maturing each year with maturities that range from one to 10 years.

(In thousands)

JobsOhio Beverage System Statewide Senior Lien Liquor Profits Tax-Exempt Revenue Bonds, Series 2013B; JobsOhio Beverage System Statewide Senior Lien Liquor Profits Taxable Revenue Bonds Series 2020A; and JobsOhio Beverage System Statewide Senior Lien Liquor Profits Taxable Revenue Bonds Series 2023 outstanding at December 31, 2023 are as follows:

Special obligation bonds	Original issue date	Outstanding as of December 31, 2023	Interest rates to maturity	Final maturity
Series 2013B	Feb. 2013	$ 755,545	4.0% – 4.5%	2035
Series 2020A	Feb. 2020	$ 363,870	1.8% – 2.8%	2038
Series 2023	Feb. 2023	$ 352,525	4.4%	2033

The bonds have maturities that started in 2015 and continue through 2038. Maturities due within one year as of December 31, 2023 are $85,755. The bond series are subject to mandatory sinking fund redemption starting in 2024 and each year thereafter to maturity. The bonds will be repaid from Liquor Business Profits. All proceeds from the Liquor Business are pledged to the Trustee to pay obligations under the Indenture. The Indenture imposes certain restrictions and requirements whereby all Liquor Business revenues are required to be deposited in a trust fund held by the Trustee to settle obligations under the Indenture, including amounts sufficient to cover annual debt service for each fiscal year on account for all outstanding revenue bonds.

Liquor Business Profits must meet the minimum debt service coverage ratio of 135 percent for each fiscal year pursuant to the Transfer Agreement. Certain amounts are released from the lien of the Indenture and certain other amounts are held in funds pursuant to the terms of the Indenture for which amounts will not be pledged for the benefit of the owners of the bonds. These funds include the Tax Fund, the Operations Fund, and the General Purpose Fund. The bonds are not general obligations of the Entity or the State, and neither the faith nor credit are pledged as security for payment of the bonds. Debt service requirements related to the bonds as of December 31, 2023 are as follows:

(In thousands)

	Principal	Interest	Total
Year ending June 30:			
2024	85,755	29,044	114,799
2025	87,955	54,585	142,540
2026	91,560	50,992	142,552
2027	95,320	47,246	142,566
2028	99,235	43,344	142,579
2029 - 2033	563,290	149,830	713,120
2034 - 2038	448,825	41,259	490,084
Total	$ 1,471,940	$ 416,300	$ 1,888,240
Unamortized premium	-		
Less current portion	(85,755)		
Total debt, long-term portion	$ 1,386,185		

Debt service activity for the six months ended December 31, 2023 is as follows:

	Balance, July 1, 2023	Additions	Reductions	Balance, December 31, 2023	Current portion
Bond principal	$ 1,471,940	$ -	$ -	$ 1,471,940	$ 85,755

Bonds are subject to redemption prior to their stated maturity dates at the option of JOBS, in whole or in part on any date on or after April 1, 2023, at a redemption price equal to the principal amount of bonds to be redeemed plus accrued interest. For Series 2013B Bonds, the redemption price is the greater of (1) the principal amount or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date plus accrued interest. Series 2020A Bonds maturing in 2038 are subject to mandatory sinking fund redemption on January 1, 2035, and each year thereafter to maturity. Series 2013B Bonds maturing in 2029 and 2035 are subject to mandatory sinking fund redemption on January 1, 2024 and 2030, respectively, and each year thereafter to maturity. Series 2020 Bonds maturing in 2033 are subject to mandatory sinking fund redemption on January 1, 2024, and each year thereafter to maturity. Redemptions are from moneys in the Debt Service Fund established under the Indenture, at a redemption price equal to 100 percent of the principal amount to be redeemed plus accrued interest.

Pursuant to the terms of the Indenture, the Transfer Agreement, and the Services Agreement, the Entity is required to comply with various covenants and requirements.

(c) Revenues

Liquor sales revenues are reported net of wholesale discounts, sales taxes, and bad debt. For the three and six months ended December 31, 2023, operating revenues were reported net of discounts of $6,615 and $13,482, respectively, sales tax of $29,592 and $55,898, respectively, and bad debt of $(37) and $(23), respectively.

Distribution center revenues are for services performed in the distribution centers related to receiving and preparing product for distribution.

JOBSOHIO
(A Component Unit of the State of Ohio)

Notes to Basic Financial Statements

Combining Schedule of Net Position

(In thousands)

(d) Combining Information

	December 31, 2023				
	JobsOhio	Component Unit JobsOhio Beverage System	Component Unit JobsOhio Growth Capital	Eliminating Entries	Combined Balance
Assets:					
Current assets:					
Cash and cash equivalents - unrestricted	$ 116,008	$ -	$ 18,711	$ -	$ 134,719
Cash and cash equivalents - restricted	10,358	244,816	-	-	255,174
Investments at fair value	863,732	-	16,035	-	879,767
Inventory	-	103,585	-	-	103,585
Loans	11,342	-	-	-	11,342
Receivables, net of allowance of uncollectible accounts	10,345	1,742	3,714	-	15,801
Prepaid expenses	1,281	1,984	-	-	3,265
Due from related entities	3,325	-	-	(3,325)	-
Total current assets	1,016,391	352,127	38,460	(3,325)	1,403,653
Long-term assets:					
Intangible asset - liquor franchise, net of amortization	-	777,357	-	-	777,357
Intangible asset - trademark, net of amortization	49	10	-	-	59
Equity method investments	150,000	-	-	(150,000)	-
Other long-term investments	-	-	94,062	-	94,062
Right-to-use lease assets, net of accumulated amortization	934	2,920	-	-	3,854
Right-to-use subscription assets, net of accumulated amortization	1,857	736	-	-	2,593
Capital assets, net of accumulated depreciation	715	5,474	-	-	6,189
Loans, net of loss allowance	83,762	-	26,476	-	110,238
Total long-term assets	237,317	786,497	120,538	(150,000)	994,352
Total assets	**1,253,708**	**1,138,624**	**158,998**	**(153,325)**	**2,398,005**
Liabilities:					
Current liabilities:					
Accounts payable	3,595	31,666	-	-	35,261
Accrued liabilities - current portion	259,924	106,209	-	-	366,133
Special obligation bonds payable - current portion	-	85,755	-	-	85,755
Bond interest payable	-	29,044	-	-	29,044
Lease liabilities - current portion	380	1,892	-	-	2,272
Subscription liability - current portion	557	458	-	-	1,015
Due to related entities	-	3,325	-	(3,325)	-
Total current liabilities	264,456	258,349	-	(3,325)	519,480
Long-term liabilities:					
Accrued liabilities	205,298	-	-	-	205,298
Special obligation bonds payable	-	1,386,185	-	-	1,386,185
Lease liabilities	860	1,145	-	-	2,005
Subscription liability	3	-	-	-	3
Community bank loan guarantee	255	-	-	-	255
Port authority bond reserve	1,493	-	-	-	1,493
Total long-term liabilities	207,909	1,387,330	-	-	1,595,239
Total liabilities	**472,365**	**1,645,679**	**-**	**(3,325)**	**2,114,719**
Net position:					
Net investment in capital assets	1,706	5,635	-	-	7,341
Unrestricted	779,637	(512,690)	158,998	(150,000)	275,945
Total net position	**$ 781,343**	**$ (507,055)**	**$ 158,998**	**$ (150,000)**	**$ 283,286**

JOBSOHIO
(A Component Unit of the State of Ohio)

Notes to Financial Statements

Combining Schedule of Revenues, Expenses, and Changes in Net Position

(In thousands)

	Three Months Ended December 31, 2023				
	JobsOhio	Component Unit JobsOhio Beverage System	Component Unit JobsOhio Growth Capital	Eliminating Entries	Combined Balance
Operating revenues:					
Net liquor sales	$ -	$ 482,495	$ -	$ -	$ 482,495
Distribution center revenue	-	2,283	-	-	2,283
Interest income - loans	851	-	494	-	1,345
Gain on investments	-	-	950	-	950
Fees and other	2,828	-	-	(2,718)	110
Total operating revenues	3,679	484,778	1,444	(2,718)	487,183
Operating expenses:					
Cost of goods sold	-	288,253	-	-	288,253
Sales commissions	-	30,226	-	-	30,226
Liquor gallonage taxes	-	15,100	-	-	15,100
Amortization of intangible asset - liquor franchise	-	13,799	-	-	13,799
Amortization of intangible asset - trademark	-	-	-	-	-
Service fees	-	5,146	-	-	5,146
Supplemental Payment	-	26,995	-	-	26,995
JobsOhio management fees	-	2,718	-	(2,718)	-
Economic development programs	45,197	-	60	-	45,257
Salaries and benefits	5,477	-	-	-	5,477
Economic development purchased services	3,416	-	-	-	3,416
Professional services	3,937	3,113	2	-	7,052
Insurance	82	150	-	-	232
Administrative and support	2,350	4,715	-	-	7,065
Marketing	9,540	3,271	-	-	12,811
Total operating expenses	69,999	393,486	62	(2,718)	460,829
Operating income (loss)	**(66,320)**	**91,292**	**1,382**	**-**	**26,354**
Nonoperating revenues (expenses):					
Grants	85,000	(85,000)	-	-	-
Bond interest, net	-	(14,522)	-	-	(14,522)
Investment income	54,271	-	-	-	54,271
Other, net	-	1,980	-	-	1,980
Total nonoperating revenues (expenses)	139,271	(97,542)	-	-	41,729
Investment from related entity	-	-	5,000	(5,000)	-
Transfers-Internal activities	5,000	-	(5,000)	-	-
Change in net position	**77,951**	**(6,250)**	**1,382**	**(5,000)**	**68,083**
Net position (deficit), beginning of period	703,392	(500,805)	157,616	(145,000)	215,203
Net position (deficit), end of period	**$ 781,343**	**$ (507,055)**	**$ 158,998**	**$ (150,000)**	**$ 283,286**

JOBSOHIO
(A Component Unit of the State of Ohio)

Notes to Financial Statements

Combining Schedule of Revenues, Expenses, and Changes in Net Position

(In thousands)

	Six Months Ended December 31, 2023				
	JobsOhio	Component Unit JobsOhio Beverage System	Component Unit JobsOhio Growth Capital	Eliminating Entries	Combined Balance
Operating revenues:					
Net liquor sales	$ -	$ 924,643	$ -	$ -	$ 924,643
Distribution center revenue	-	4,400	-	-	4,400
Interest income - loans	1,670	-	1,047	-	2,717
Gain on investments	-	-	198	-	198
Fees and other	5,480	-	-	(5,287)	193
Total operating revenues	7,150	929,043	1,245	(5,287)	932,151
Operating expenses:					
Cost of goods sold	-	551,091	-	-	551,091
Sales commissions	-	57,610	-	-	57,610
Liquor gallonage taxes	-	29,436	-	-	29,436
Amortization of intangible asset - liquor franchise	-	27,598	-	-	27,598
Amortization of intangible asset - trademark	-	-	-	-	-
Service fees	-	10,292	-	-	10,292
Supplemental Payment	-	52,828	-	-	52,828
JobsOhio management fees	-	5,287	-	(5,287)	-
Economic development programs	69,065	-	(199)	-	68,866
Salaries and benefits	11,330	-	-	-	11,330
Economic development purchased services	7,577	-	-	-	7,577
Professional services	8,196	6,260	18	-	14,474
Insurance	165	301	-	-	466
Administrative and support	4,864	9,412	-	-	14,276
Marketing	14,386	5,600	-	-	19,986
Total operating expenses	115,583	755,715	(181)	(5,287)	865,830
Operating income (loss)	**(108,433)**	**173,328**	**1,426**	**-**	**66,321**
Nonoperating revenues (expenses):					
Grants	145,000	(145,000)	-	-	-
Bond interest, net	-	(29,044)	-	-	(29,044)
Investment income	39,234	-	-	-	39,234
Other, net	-	4,661	-	-	4,661
Total nonoperating revenues (expenses)	184,234	(169,383)	-	-	14,851
Investment from related entity	-	-	5,000	(5,000)	-
Transfers-Internal activities	5,000	-	(5,000)	-	-
Change in net position	**80,801**	**3,945**	**1,426**	**(5,000)**	**81,172**
Net position (deficit), beginning of period	700,542	(511,000)	157,572	(145,000)	202,114
Net position (deficit), end of period	**$ 781,343**	**$ (507,055)**	**$ 158,998**	**$ (150,000)**	**$ 283,286**

JOBSOHIO
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Notes to Financial Statements

Combining Schedule of Cash Flows

(In thousands)

	Six Months Ended December 31, 2023				
	JobsOhio	Component Unit JobsOhio Beverage System	Component Unit JobsOhio Growth Capital	Eliminating Entries	Combined Balance
Cash flows from operating activities:					
Receipts from fees and other	$ 1,871	$ -	$ 1,608	$ -	$ 3,479
Receipts from customers	-	924,857	-	-	924,857
Receipts from suppliers	-	4,575	-	-	4,575
Payments to employees	(11,595)	-	-	-	(11,595)
Payments to suppliers	(22,315)	(552,969)	(18)	-	(575,302)
Payments for economic development programs	(69,711)	-	1,152	-	(68,559)
Payments for commissions	-	(61,642)	-	-	(61,642)
Receipts from sales taxes	-	55,898	-	-	55,898
Payments for sales tax collections to State and county	-	(52,722)	-	-	(52,722)
Payments for gallonage tax collections to State	-	(28,627)	-	-	(28,627)
Payments for servicing fees	-	(4,953)	-	-	(4,953)
Payments for Supplemental Payment to State	-	(104,267)	-	-	(104,267)
Receipts (payments) between JobsOhio and component unit	4,550	(4,550)	-	-	-
Net cash provided by (used in) operating activities	(97,200)	175,600	2,742	-	81,142
Cash flows from noncapital financing activities:					
Receipts (payments) between JobsOhio and component unit for grants	145,000	(145,000)	-	-	-
Payments for other nonoperating expenses	-	(5)	-	-	(5)
Net cash provided by (used in) noncapital financing activities	145,000	(145,005)	-	-	(5)
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(80)	(1,258)	-	-	(1,338)
Payments for right to use assets	(210)	(1,612)	-	-	(1,822)
Payments for right-to-use subscription assets	(1,767)	(479)	-	-	(2,246)
Payments for bond interest	-	(27,742)	-	-	(27,742)
Investment from related entity	-	-	6,991	(6,991)	-
Net cash used in capital and related financing activities	(2,057)	(31,091)	6,991	(6,991)	(33,148)
Cash flows from investing activities:					
Purchases of direct equity investments	-	-	(5,453)	-	(5,453)
Conversion of loans to equity	-	-	(4,100)	-	(4,100)
Proceeds from loan conversion	-	-	(57)	-	(57)
Investment in related entity	(6,991)	-	-	6,991	
Dividends and interest income	27,662	4,693	444	-	32,799
Purchases of investments	(54,300)	-	(13,999)	-	(68,299)
Proceeds from maturities of investments	70,948	-	1,155	-	72,103
Net cash provided by (used in) investing activities	37,319	4,693	(22,010)	6,991	26,993
Net Increase (decrease) in cash and cash equivalents	83,062	4,197	(12,277)	-	74,982
Cash and cash equivalents, beginning of period	43,304	240,619	30,988	-	314,911
Cash and cash equivalents, end of period	**$ 126,366**	**$ 244,816**	**$ 18,711**	**$ -**	**$ 389,893**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (108,433)	$ 173,328	$ 1,426	$ -	$ 66,321
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Amortization of intangible asset - liquor franchise	-	27,598	-	-	27,598
Increase in intangble asset - trademark	(12)	(1)	-	-	(13)
Depreciation and amortization expense	376	4,055	-	-	4,431
Amortization of right to use assets	159	1,535	-	-	1,694
Amortization of right-to-use subscription assets	1,385	243	-	-	1,628
Increase (decrease) in loans	(2,634)	-	1,987	-	(647)
Increase (decrease) in loan valuation allowance	1,355	-	(199)	-	1,156
Gain on investments	-	-	(141)	-	(141)
Interest expense	33	55	-	-	88
Increase in inventory	-	8,810	-	-	8,810
(Increase) decrease in receivables, net of allowance for doubtful accounts	11,309	388	(331)	-	11,366
Decrease in prepaid expenses	1,216	5,569	-	-	6,785
(Increase) decrease in due from/to component unit (net)	(737)	737	-	-	-
Increase in accounts payable	(800)	6,646	-	-	5,846
Decrease in community bank guarantee	(78)	-	-	-	(78)
Increase in port authority bond fund	176	-	-	-	176
Decrease in accrued liabilities	(515)	(53,363)	-	-	(53,878)
Total adjustments	11,233	2,272	1,316	-	14,821
Net cash provided by (used in) operating activities	**$ (97,200)**	**$ 175,600**	**$ 2,742**	**$ -**	**$ 81,142**
Noncash capital and related financing activities:					
Purchases of capital assets on account	$ 6	$ 260	$ -	$ -	$ 266

(Concluded)